

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00
SP-02 AID-05 EB-08 NSC-05 CIEP-02 SS-15 STR-04 OMB-01
CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 AGRE-00 /096 W
-----150425Z 038897 /64

O R 142027Z FEB 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 618
TREASURY DEPT WASHDC IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDOC WASHDC

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DEPARTMENT PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A
TAGS: EFIN, U
SUBJECT: UK TRADE & CURRENT ACCOUNT IN JANUARY 1977.

1. ESTIMATES FOR THE JANUARY CURRENT ACCOUNT OF THE UK
BALANCE OF PAYMENTS WERE RELEASED ON FEBRUARY 14. THERE
WAS AN UNEXPECTEDLY LARGE DEFICIT OF 345 MILLION POUNDS
IN THE CURRENT ACCOUNT, THE CONSEQUENCE OF A 545 MILLION
POUNDS VISIBLE TRADE DEFICIT, LARGE THAN ANY EXPERIENCED
IN 1976. THE PRESS HAD REPORTED THAT JANUARY'S BALANCE
WAS NOT EXPECTED TO EQUAL THE EXTRAORDINARY DECEMBER RESULT,
THEN PUT AT A 21 MILLION POUNDS CURRENT ACCOUNT SURPLUS, BUT
THAT THE BUSINESS COMMUNITY EXPECTED JANUARY TO SHOW CONSISTENT
IMPROVEMENT OVER LAST YEAR'S PERFORMANCE. A MARGINAL
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CORRECTION, HOWEVER, PUT THE CURRENT ACCOUNT INTO A SLIM DECEMBER
DEFICIT, WHILE A 1.6 PERCENT FALL IN EXPORT VOLUME AND A 16.2
PERCENT INCREASE IN IMPORT VOLUME FOR THE MONTH MADE THE JANUARY
DEFICIT OBESE. EXPORTS OF CHEMICALS AND ROAB VEHICLES WERE
PARTICULARLY HARD HIT, WHILE IMPORTS OF ALL CATEGORIES ROSE
SUBSTANTIALLY. EXCERPTS FROM THE DEPARTMENT OF TRADE'S PRESS
RELEASE FOLLOW.

2. CURRENT ACCOUNT FOR THE MONTH OF JANUARY 1977.

IN JANUARY 1977 THE CURRENT ACCOUNT IS ESTIMATED TO HAVE BEEN IN DEFICIT BY 345 MILLION POUNDS. THE DEFICIT ON TRADE IN GOODS WAS 545 MILLION POUNDS, SEASONALLY ADJUSTED, AND THE BALANCE ON SERVICES AND OTHER CURRENT TRANSACTIONS IS ESTIMATED TO HAVE BEEN RUNNING AT A MONTHLY SURPLUS OF ABOUT 200 MILLION POUNDS.

IN MILLIONS OF POUNDS, SEASONALLY ADJUSTED:

	VISIBLE BALANCE	INVISIBLE BALANCE:
	TRADE	SERVICES AND
	CURRENT	IN
	BALANCE	GOODS
		OTHER CURRENT
		TRANSACTIONS
1975	-1641	-3189 1548
1976	-1546	-3631 2085
1976 1ST QTR	- 109	- 554 445
2ND QTR	- 866	- 937 471
3RD QTR	- 584	-1153 569
4TH QTR	- 387	- 987 600 A
1976 AUGUST	- 87	- 276 189 B
SEPTEMBER	- 178	- 368 190 B
OCTOBER	- 125	- 325 200 A
NOVEMBER	- 247	- 447 200 A
DECEMBER	- 15	- 215 200 A
1977 JANUARY	- 345	- 545 200 A

A. THESE FIGURES ARE PROJECTIONS AND ARE SUBJECT TO REVISION

AS INFORMATION BECOMES AVAILABLE.

B. 1/3 OF APPROPRIATE CALENDAR QTR ESTIMATE. MONTHLY FIGS.

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OF INVISIBLES ARE NOT AVAILABLE.

3. VISIBLE TRADE

IN JANUARY, THERE WAS AN ERRATICALLY LARGE DEFICIT ON VISITABLE TRADE OF 545 MILLION POUNDS, SEASONALLY ADJUSTED; THE VALUE OF EXPORTS WAS 2396 MILLION AND THE VALUE OF IMPORTS 2941 MILLION POUNDS. THE DEFICIT WAS 330 MILLION POUNDS GREATER THAN THE COMPARATIVELY SMALL DECEMBER FIGURE AND RESULTED FROM A RISE OF 365 MILLION POUNDS IN IMPORTS COMPARED WITH A 35 MILLION POUND RISE IN EXPORTS. THE VERY LARGE INCREASE IN THE FIGURE OF IMPORTS MAY HAVE RESULTED IN PART FROM DIFFICULTIES IN THE SEASONALY ADJUSTMENT PROCEDURES TO ALLOW FULLY FOR THE EFFECTS OF THE 1976/77 CHRISTMAS/NEW YEAR HOLIDAY PERIOD.

IN TERMS OF VOLUME, EXPORTS FELL BY 1-1/2 PERCENT, WHILE IMPORTS ROSE BY 16 PERCENT. THE EXPORT UNIT VALUE INDEX ROSE BY 2 PERCENT BETWEEN DECEMBER AND JANUARY, BUT THE IMPORT UNIT VALUE INDEX WAS LITTLE CHANGED, REFLECTING THE RECENT APPRECIATION OF STERLING.

SEASONALLY ADJUSTED VALUES, IN MILLIONS OF POUNDS:

	VISIBLE		
	EXPORTS(FOB)	IMPORTS(FOB)	BALANCE
1975	18,760	21,949	- 3,189
1976	24,424	28,055	- 3,631
1976 1ST QTR	5,414	5,968	- 554
2ND QTR	5,995	6,932	- 937
3RD QTR	6,183	7,336	- 1,153
4TH QTR	6,832	7,819	- 987
1976 AUG			
UST	2,078	2,354	- 276
SEPTEMBER	2,144	2,512	- 368
OCTOBER	2,228	2,553	- 325
NOVEMBER	2,243	2,690	- 447
DECEMBER	2,361	2,576	- 215
1977 JANUARY	2,396	2,941	- 545

P - PROVISIONAL ESTIMATES

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4. INVISIBLE TRADE

THE LATEST ESTIMATE OF INVISIBLES RELATES TO THE 3RD
QUARTER OF 1976 WHEN CREDITS ON SERVICES AND OTHER CURRENT
TRANSACTIONS WERE 3477 MILLION POUNDS AND DEBITS 2908 MILLION
POUNDS, GIVING A SURPLUS OF 569 MILLION POUNDS FOR THE QUARTER.
THE SURPLUS IS PROJECTED TO BE RUNNING CURRENTLY AT THE RATE

OF 200 MILLION POUNDS A MONTH.

SEASONALLY ADJUSTED VALUES IN MILLIONS OF POUNDS:

	CREDITS	INVISIBLE DEBITS	BALANCE
1975	11,047	9,499	1,548
1976 1ST QTR	3,057	2,612	445
2ND QTR	3,254	2,783	471

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3RD QTR	3,477	2,908	569
1976 OCTOBER			200#
NOVEMBER			200#
DECEMBER			200#
1977 JANUARY			200#

#THESE FIGURES ARE PROJECTIONS AND ARE SUBJECT TO REVISION
AS THE RELEVANT STATISTICAL INFORMATION BECOMES AVAILABLE.

5. EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS
ON A BALANCE OF PAYMENTS BASIS.

INDICES 1970 - 100

	UNIT VALUES (NOT SEASONALLY ADJUSTED)		VOLUME (SEASONALLY ADJUSTED)	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS
1975	198.5	245.7	124.9	125.6
1976	240.6	301.3	134.8	133.3
1976 1ST QTR	219.0	270.0	130.3	124.9
2ND QTR	234.2	293.6	135.9	134.7
3RD QTR	247.4	309.3	133.1	136.6
4TH QTR	261.7	332.1	139.9	137.2
1976 AUGUST	247.9	308.0	133.8	131.4
SEPTEMBER	251.7	313.8	136.2	139.3
OCTOBER	256.4	324.0	139.8	140.4
NOVEMBER	261.8	334.8	137.7	138.8
DECEMBER	266.9	337.5	142.3	132.3
1977 JANUARY P	272.7	337.2	140.0	153.7

P - PROVISIONAL ESTIMATES

7. TRADE IN PETROLEUM PRODUCTS ON A BALANCE OF PAYMENTS
BASIS

SEASONALLY ADJUSTED: IN MILLIONS OF POUNDS (F.O.B.):

	BALANCE OF VISIBLE TRADE		IMPORTS	EXPORTS
1975 R	-3,106		3,827	721

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1976 R	-3,964	5,126	1,162
1976 1ST QTR R	- 960	1,179	219
2ND QTR R	- 957	1,219	262
3RD QTR R	-1,043	1,355	312
4TH QTR R	-1,004	1,373	369
1976 NOVEMBER R	- 407	541	134
DECEMBER R	- 331	455	124
1977 JANUARY P	- 357	501	144

R - REVISED ESTIMATES P - PROVISIONAL ESTIMATES
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Message Attributes

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Disposition Approved on Date:
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